

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 ADP-00 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-14 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

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E. O. 11652: N/ A

TAGS: EFIN, IMF, FR

SUBJECT: FINANCE MINISTER GISCARD D'ESTAING AT C-20 MEETING

PASS TREASURY AND FEDERAL RESERVE

PARIS ALSO FOR USOECD

1. PARIS PRESS, WHICH FOLLOWED C-20 MINISTERIAL DELIBERATIONS WITH CONSIDERABLE INTEREST, HAS CARRIED VARYING INTERPRETATIONS OF ROLE AND ACCOMPLISHMENTS OF FINANCE MINISTER GISCARD D'ESTAING. IN REPORTING FROM WASHINGTON ON FIRST DAY'S SESSION, AFP SAID GISCARD HAD SUCCESSFULLY INSISTED THAT DRAFT COMMUNIQUE BE AMENDED TO EXPRESS SUPPORT OF PARTICIPANTS FOR EXCHANGE RATE SYSTEM BASED ON "FIXED BUT ADJUSTABLE PAR VALUES." THE FOLLOWING
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DAY, IN COMMENTING ON TEXT OF COMMUNIQUE AS ACTUALLY RELEASED, AFP, WITH NO REFERENCE TO CHANGE IN WORDING OF PHRASE IN QUESTION TO " STABLE BUT ADJUSTABLE PAR VALUES," CITED THIS LATTER PHRASE- OLOGY AS GISCARDIAN INITIATIVE, WHICH HAD PREVAILED THANKS TO SUP- PORT OF JAPAN, NETHERLANDS, BELGIUM, ITALY AND BRAZIL. GISCARD WAS THUS PORTRAYED AS HAVING EFFECTIVELY DASHED US DESIRES TO SEE PRESENT SITUATION OF FLOATING CURRENCIES INSTITUTIONALIZED IN REFORMED MONETARY SYSTEM.

2. SUBSEQUENTLY, SOME NEWS ANALYSTS -- NOTABLY LE MONDE EDITORIAL OF MARCH 29 -- BLUNTLY POINTED OUT THAT GISCARD' S " FIXED PAR VALUES" HAD OVERNIGHT BECOME " STABLE PAR VALUES." EDITORIAL LABELED TRANSMUTATION AS " DEFEAT" FOR GISCARD, WITH INSULT BEING ADDED TO INJURY BY INCLUSION IN COMMUNIQUE OF FOLLOWING SENTENCE DESCRIBING FLOATING RATES AS USEFUL TECHNIQUE IN PARTICULAR SITU- ATIONS. LE MONDE BUTTRESSED ITS ANALYSIS WITH CITATION OF TREASURY UNDER SECRETARY VOLCKER TO EFFECT THAT CHOICE OF " STABLE" WAS " MARVELOUS" IN THAT IT WAS THE WORD BEST SUITED TO EXPRESS OBJECTIVES OF ALL PARTICIPANTS.

3. ON MARCH 28, GISCARD REPORTED ON C-20 MEETING TO WEEKLY SESSION OF FRENCH COUNCIL OF MINISTERS. ACCORDING TO GOVT SPOKES- MAN, GISCARD CHARACTERIZED RESULTS AS " MODEST BUT COMPATIBLE WITH POSITION DEFENDED BY FRANCE AND EC MEMBER COUNTRIES." SPOKESMAN THEN QUOTED GISCARD AS SAYING, " PRINCIPLE OF FIXED (SIC) BUT ADJUSTABLE PAR VALUES WAS IN PARTICULAR REAFFIRMED." SPOKESMAN COMMENTED THAT THIS WAS PROBLEM FRENCH GOVT WOULD HAVE TO WATCH CLOSELY AS NEGOTIATIONS UNFOLDED. DECLASSIFY ON RECEIPT.
IRWIN

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